



## Disability Benefits

If you are a member of the Public Safety Employees' Retirement System (PSERS) Plan 2 and you become disabled, you may be entitled to disability benefits. This publication describes disability benefits and how to apply for them. The Department of Retirement Systems (DRS) recommends that you contact a PSERS retirement services analyst if you plan to apply for disability benefits. See "How Do I Apply?" on page 2.

You may also be eligible for benefits from the Department of Labor and Industries (Workers' Compensation benefits), the Department of Social and Health Services, the Social Security Administration and your employer. Please contact these organizations directly for more information.

### Am I eligible for disability benefits?

To be eligible for disability benefits, you must be totally incapacitated for continued employment with a PSERS employer and leave that employment as a result of the disability. If you are on any type of leave, you have not separated from service.

**Example:** Joseph is disabled and on unpaid leave from his employer. He is not eligible for a disability retirement allowance because his employer is still reporting him as an employee. However, Joseph may apply for disability retirement and receive a determination of eligibility from DRS before separating from employment.

No minimum amount of service credit is required for you to be eligible for a PSERS disability retirement, but your years of service determine the actuarial reduction taken on the benefit.

DRS determines disability based upon your condition at the time of separation from employment. You are responsible for providing the medical information to show that you are totally incapacitated for continued employment. Your doctor must support any opinions or conclusions with objective data, such as observations recorded in office visit notes and tests. You are responsible for all medical costs associated with qualifying for a disability retirement.

### What is my benefit?

You will receive a monthly benefit calculated as follows: 2 percent x average final compensation (AFC) x service credit years. AFC is based on your 60 consecutive highest creditable months of service. Service credit is your total years and months of service credit at the time you separate from employment. Your benefit will be actuarially reduced to reflect the difference between your age at the time of retirement and age 60 or 65 depending on years of service. If you have:

- 10 or more service credit years in PSERS, your benefit is reduced from age 60.
- Fewer than 10 service credit years, your benefit is reduced from age 65.



### **Lump sum payment instead of monthly benefit**

If your standard monthly benefit will be less than \$50, DRS will provide you with an estimate and ask you to choose between the monthly benefit or a lump sum payment at the time you receive your estimate. If you choose a monthly benefit, you cancel all rights for a future withdrawal of your contributions. If you choose a lump sum payment, you cancel all rights for a future monthly defined benefit.

### **Can I lose my benefit?**

If you are receiving a monthly disability retirement benefit, DRS may require you to undergo comprehensive medical examinations. You or your doctor must report any change in your condition to DRS. If a medical exam is required after your disability benefit has begun, DRS will pay for the exam.

If medical examinations show that you have recovered from the disability for which DRS granted a disability retirement, and you become employed by a PSERS-covered employer at comparable compensation, you will no longer be eligible for your disability benefit.

### **How do I apply?**

Contact DRS for an application packet. (See contact information at the end of this brochure)

When you contact DRS, be prepared to provide the following information:

- Your name, address, and daytime phone number
- Your Social Security number
- Your retirement system and plan
- Your beneficiary's date of birth
- Your employment status (leave of absence, sick leave, shared leave, etc.)
- The date you expect to end your employment

When you receive your packet, make sure that all three parts of the PSERS Disability Application are completed by the proper individuals and returned to DRS.

**Part 1: Disability Retirement Application.** *You must complete, sign and have notarized.*

**Part 2: Employer's Statement and Report.** *Your employer must complete, sign and return directly to DRS.*

**Part 3: Medical Report.** *Your physician must complete, sign and return directly to DRS.*

Once Part 1 of the Disability Application is received by DRS, you have applied for disability benefits. However, your eligibility will not be determined until DRS receives all three parts of the application. Be sure to keep a copy of Part 1 for your records.

### **How long does approval take and when will my benefit begin?**

The determination process takes between two and four weeks. However, the process may take longer if DRS requires additional information from you or other sources concerning your application. DRS will contact you if additional information is needed to process your application.

If your application is approved, your benefit will begin the calendar month after you separate from employment and your employer stops reporting compensation. If you continue working and do not separate within 90 days of the application approval date, DRS will cancel its approval. If you then become totally incapacitated, you must reapply and submit new medical evidence for consideration.

## Other provisions concerning disability benefits

### *Purchasing service credit*

If you are injured in the line of duty, you may purchase up to 12 months of service credit while on leave for the disability. To be eligible for the purchase you must:

- Be injured in the line of duty,
- Be eligible to receive Workers' Compensation benefits, and
- Make retirement contributions plus interest on the compensation you would have earned had you been working.

### *Appealing a decision*

If DRS denies your application for benefits, you may petition for a review within 120 days of receiving the denial. Instructions are available in chapter 415-04 WAC. If your petition is denied, DRS will inform you of the appeal procedures, which are available in chapter 415-08 WAC. You will have 60 days to appeal the decision. DRS does not pay for tests, reports, or examinations needed during the appeals process. If you separate from service and do not return to work, then file another disability application based on previous conditions, DRS does not consider it a new application and will uphold its original determination.

However, if you file an application that is denied before you separate from service (e.g., you are on leave), you may file another application if the same condition gets worse and/or if you are able to provide additional information.

## Errors

If you receive an overpayment of your disability benefit, DRS will require that the overpayment be repaid. If you receive an underpayment, DRS will correct the error and pay you in full.

## Taxation and assignment of benefits

Disability benefits are taxable income. You may be able to receive tax credits for the elderly or disabled as explained in the Internal Revenue Service (IRS) Publication 524. You must complete a W-4P form to tell DRS how much of your benefit you want withheld for taxes. If you do not, DRS will follow IRS rules requiring withholding as if you are married and claiming three exemptions. You are responsible for declaring the proper amount of taxable income on your income tax return.

Your retirement benefits may be subject to court or administrative orders for such things as spousal maintenance or child support, or orders authorized by federal law. DRS is authorized to divide retirement benefits between members and ex-spouses based upon court-ordered property division. If the property division dissolution order complies with the applicable law, DRS will send the property division payment directly to your ex-spouse. For more information, see the member publication *How Can a Property Division Affect My Retirement Account?* available on the DRS Web site.

**Where to find more information**

Refer to your *PSERS Plan 2 Member Handbook*, visit the DRS Web site, or contact DRS directly. DRS office hours are 8 a.m. to 5 p.m., Monday through Friday, except legal holidays. Before visiting, please call to schedule an appointment.

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**Summary Description**

The actual provisions governing your benefits are contained in the Revised Code of Washington (41.37 RCW). This publication is a summary of those provisions, not a complete description of the law. If there are any conflicts between what is written in this publication and what is contained in the law, the applicable law will govern.